



# Community Reinvestment Act (CRA)

Outreach and Special Projects Staff (5101)

Quick Reference Fact Sheet

**EPA's** Brownfields Economic Redevelopment Initiative is designed to empower States, communities, and other stakeholders in economic redevelopment to work together in a timely manner to prevent, assess, safely clean up, and sustainably reuse brownfields. A brownfield is a site, or portion thereof, that has actual or perceived contamination and an active potential for redevelopment or reuse. EPA's Brownfields Initiative strategies include funding pilot programs and other research efforts, clarifying liability issues, entering into partnerships, conducting outreach activities, developing job training programs, and addressing environmental justice concerns.

## BACKGROUND

In 1977, Congress enacted the Community Reinvestment Act (CRA) to require banks, thrifts, and other lenders to make capital available in low- and moderate-income urban neighborhoods, thereby boosting the nation's efforts to stabilize these declining areas. Concern over potential environmental and financial liability for cleaning up these sites has made lenders, developers, and property owners reluctant to finance redevelopment of these properties. Rather than reuse former urban industrial sites, businesses have instead moved to suburban or rural "greenfields," which carry fewer perceived risks to development.

In January 1995, EPA announced its original Brownfields Action Agenda in response to the widespread economic development obstacles posed by urban brownfields. The (1995-1996) Brownfields Action Agenda encouraged a cooperative approach by EPA, lenders, and prospective purchasers to ease fears of financial liability and regulatory burdens. EPA has coordinated with the Office of the Comptroller of the Currency to create incentives within the CRA regulations for economic revitalization and development.

## REFORM AND OPPORTUNITY

The Office of the Comptroller of the Currency revised its regulations pertaining to the CRA's implementation in May 1995. Lenders subject to the CRA can now claim community development loan credits for loans

made to help finance the environmental cleanup or redevelopment of an industrial site when it is part of an effort to revitalize the low- and moderate-income community in which the site is located.

This provision is designed to encourage economic activity in urban areas. It makes the financing of industrial property redevelopment more attractive to large lenders by providing CRA credit while aiding the communities in which they operate. Under CRA regulations, lenders' CRA performance may be used as a basis for approving or denying activity in the banking industry.

The revised CRA regulations can be found in the May 4, 1995, *Federal Register* (60 FR 22156).

## CONTACT

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Alternatively, please use the Internet World Wide Web to access the EPA Brownfields Home Page at <http://www.epa.gov/brownfields>